

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 324th
MEETING OF THE BOARD OF COMMISSIONERS January 29, 2009**

A meeting of the Board of Commissioners of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on January 29, 2009 at 9:00 a.m. pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Paul MacDonald, Jeff Hirsh, Patrick Butler, Bernie Buonanno, George Nee, Bill Daugherty, Dale Venturini and Jason Fowler.

Mr. Duffy and Mr. Gavitt were unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan, Kim Keough and Ken Mancuso, Rhode Island Convention Center Authority; Bruce Leach, Legal Counsel; Martha Sheridan and Neil Schriever, PWCVB; Tim Muldoon and Deb Tuton, SMG/RICC; Larry Lepore, Cheryl Cohen, Lisa Coelho, Jodi Duclos and Eleanor SanAntonio, SMG/DDC; Steve Habi, VMA; Robert Bromley, Senate Fiscal Office and Eileen Smith, Recording Secretary. CALL TO ORDER

In the absence of Chairman Duffy, Mr. MacDonald called the meeting to order at 9:10 a.m.

APPROVAL OF MINUTES

Mr. MacDonald entertained a motion to accept the minutes of the 323rd meeting, December, 2008. Upon a motion duly made by Mr. Nee and seconded by Mr. Butler it was unanimously VOTED: to approve the minutes as distributed

Mr. MacDonald announced that the next meeting would be held on Thursday, February 26th at 9:00 AM.

Mr. MacDonald instructed the Authority office to send the approved minutes to the Secretary of State's Office via electronic mail.

Mr. MacDonald asked Mr. McCarvill to present the consolidated financial review. Mr. McCarvill reported that for the month of December, Convention Center net income was (\$15,760) to budget and (\$219,905) to the prior year. Mr. McCarvill noted that the negative variance in net income for the month was the result of lower than expected food & beverage and parking revenue offset by savings in direct expenses. Mr. McCarvill noted that Year to Date Net Income was (\$177,398) to budget and (\$751,270) to the previous year. He said that the unfavorable variance in net income is also the result of lower than expected food & beverage and parking revenue. Mr. McCarvill said that strong rent and services billed helped reduce the impact on the bottom line. Mr. McCarvill reported that for the month of December the Dunkin' Donuts Center net income was positive \$5,480 to budget and \$266,133 to the prior year. Mr. McCarvill noted that the

positive variance was mostly due to strong rental and ancillary income for three additional events. Mr. McCarvill stated that Year to Date Net Income was (\$51,741) to budget and positive \$197,453 to the previous year. He said that low attendance for events contributed to the unfavorable variance. Mr. McCarvill said that management is committed to bringing events to the Dunk that will be successful. Mr. McCarvill reported that net income for the Convention Center Authority for the month of December was \$137,910 to budget and \$97,273 to the prior year. Year to Date Net Income was (\$1,215,314) to budget and (\$1,409,032) to the prior year. Mr. McCarvill stated that the variance is mainly due to debt service payments and interest expense. Mr. McCarvill stated that consolidated net income for the month of December was \$127,630 to budget and \$143,500 to the prior year. Year to Date Net Income was (\$1,444,445) to budget and (\$1,962,843) to the prior year. Mr. McCarvill noted that the VMA net income for the month of December is \$12,362 to budget and year to date net income is \$45,557 to budget. Mr. McCarvill reported that management continues to seek creative ways to sell and use the building. He said that we haven't thrown the towel in yet and we are all working hard to make our budget.

Mr. MacDonald asked Mr. McCarvill to update the Board on the situation with our bonds. Mr. McCarvill stated that we are still working on getting a letter of credit. He said that we continue to lose money. He said that there are no options on the table that we should rush to jump on. Mr. McCarvill stated that banks are in an extremely

poor position and no one that we could use for a Direct Pay Letter of Credit will do us any good. Ms. Venturini asked if we should adjust our budget. Mr. McCarvill said that the operators are always re-forecasting. He reported that the Budget Office is aware that the money has to come from them and they know that we need money. Mr. McCarvill said that the operators are doing everything they can to keep expenses down. Mr. Daugherty asked what the worst case scenario could be. Mr. McCarvill responded that Dexia could release our bonds. He said that we are in a pretty intense situation. Mr. Daugherty asked how we got into the situation. Mr. McCarvill explained that in 1997 we had \$16 million in cash reserves earning interest. The State was looking for cash and asked us to enter into an AMBAC surety to replace the reserves, which we did. In 2001 the State asked for more cash via a SWAP transaction, which we also did. Mr. McCarvill noted that the State realized \$24 million because of these transactions but the moves left us without cash reserves. He said that the recent problem began when MBIA and AMBEC were down graded making our variable rate bonds difficult to sell and calling into question the quality of our reserves.

DUNKIN' DONUTS CENTER

Mr. Buonanno reported that the Dunkin' Donuts Center Committee had met on Tuesday. He asked Mr. McCarvill to update the Board on the Public Art and the War Memorial. Mr. McCarvill said that three artists had viewed the space and will design something that works for

the area. He said that the War Memorial budget has been set at \$434,000. Mr. McCarvill reported that our schedule is subject to the completion of renovations of the building adjacent to the site. Mr. McCarvill said that our target date for the dedication is Memorial Day. Mr. Buonanno stated that it was the consensus of the Committee to support Mr. Lepore and the security staff at the Dunkin' Donuts Center regarding the incident at a Providence College Basketball game. Mr. Buonanno said that he was disappointed in the comments made by Mr. Driscoll. Mr. MacDonald stated that it was a non story and that everyone made a big deal out of nothing. Mr. Lepore thanked the Board for their support.

Mr. Lepore reported that we have had several successful events. He noted that TSO performed two shows that were well attended. Mr. Lepore also noted that the Providence College vs URI game was s ell out. Mr. Lepore congratulated PC on their recent victory and stated that there is a correlation between wining and attendance. Mr. Lepore reported that concerts are not coming. He reported on an opportunity to co-promote and cross market an event in April with PPAC featuring some internationally acclaimed tenors. Mr. Lepore re noted that we had an open weekend following Monster Trucks that we filled with Midget Car Racing. Mr. Lepore explained that the cars will race on the arena floor which will be covered with coke syrup for traction. Mr. Lepore stated that we have some problems with Feld eating into our sources of revenue. He said that for every event the promoter looks for additional opportunities to increase their revenue at the building's

expense. He stated that they now want to take over the popcorn and cotton candy revenue. Mr. Lepore said that the entire arena industry has to say enough is enough. Mr. Lepore stated that we are doing everything we can to avoid layoffs. Mr. Lepore reported that Sportservice is trying to cooperate. He said that a meeting of the General Managers was being held at the Dunkin' Donuts Center.

CONVENTION CENTER COMMITTEE

Mr. Hirsh reported that the Convention Center Committee had met on Tuesday. He said that Mr. Muldoon and the Convention Center staff have been cutting costs wherever possible and working hard to attract new business. Mr. Muldoon reported that parking revenues are down. He noted that flaggers are being used to direct traffic to our facility on event nights. Mr. Muldoon stated that GTECH had asked for a brochure for the garage that they could distribute to employees and have available to the Human Resource Department for new hires. Mr. Muldoon said that we do not have a brochure for parking but will develop something that highlights our clean, well lit and safe facility. Mr. MacDonald asked if it is still a practice to provide an escort to individuals that feel unsafe. Mr. Muldoon said that we do provide that service and will include that in the brochure. He said that our garages are clean, well lit, have security cameras and a voice activated alarm system. Mr. Muldoon reported that we should see an improvement when the Westin Hotel rents their office space. Mr. Muldoon noted that Johnson & Wales is not interested at

this time but will keep us in mind if the need arises in the future. Mr. Muldoon said that parkers for the train station use the lot behind the Citizen's Bank building and he doesn't feel that there would be a return on investment for a shuttle service. Mr. Fowler asked the dollar amount of the decline. Mr. Muldoon said that we are down approximately \$14,000 a month. Mr. Hirsh said that hopefully the brochures will help.

VMA

Mr. Daugherty asked Mr. Hahl to update the Board on the VMA. Mr. Hahl stated that the theater had a great December. He said that although rent was down food & Beverage and facility fees were up. Mr. Hahl noted that there was another Citizenship event at the building and that is good exposure for the theater. Mr. Hahl also reported that more high school graduations will be held this year. Mr. Hahl reported that he is holding a date for Glen Beck. Mr. Hahl said that the Philharmonic has received some great media coverage. Mr. Hahl reported that Hasbro has signed a contract to hold meetings utilizing the Auditorium and the Renaissance Hotel. He said that Mr. Potato Head will be in attendance. Mr. Hahl noted that comedian Ron White had canceled his appearance because of lower than expected ticket sales. Mr. Hahl said that the Ballet is about to move in. He reported that the Providence Bruins and the Prima Ballerina are getting together today to highlight the athletic abilities necessary for each discipline. He said that it should be a good story and thanked

the P Bruins for their willingness to participate.

Mr. Habi reported that his staff had attended a crowd control seminar sponsored by the State Fire Marshall. Mr. Habi noted that the building has been receiving high marks on the guest surveys. Mr. Butler asked how parking was rated. Mr. Habi said that parking did not receive as low a grade as expected. Mr. Butler asked if Mr. Habi had looked into providing a shuttle. Mr. Habi said that the Philharmonic runs a shuttle for their performances. Mr. Habi said that he is looking for ways to help the tenants attract more patrons. Mr. McCarvill reported that a reasonable renovation plan is being looked at. He said that the Department of Administration is interested in getting the project off the ground and we have been asked to present a new pro-forma and a capital plan.

MARKETING COMMITTEE

Ms. Venturini noted that Tom DiMasi, our appointment to the CVB Board term had expired. She asked for a motion to reappoint Mr. DiMassi. Upon a motion duly made by Mr. Butler and seconded by Mr. Buonanno it was unanimously

VOTED: To reappoint Tom DiMasi as the Authority's representative to the PWCVB Board.

At 10:15 AM Mr. Nee, Mr. Butler and Mr. Buonanno excused

themselves from the meeting. Following their departure the meeting lacked the required quorum.

Discussions continued regarding the adoption of the City of Providence's branding look. The "One Tank Meeting" campaign was discussed. Mr. Schriever updated the Board on bookings.

Ms. Sheridan noted that a luncheon would be held at the Convention Center to honor Ambassadors.

Ms. Venturini noted that we need to stay competitive. She said that some cities are giving things away to attract business.

Ms. Keough reported that an RFP for web design and branding was posted. Mr. MacDonald reminded Ms. Keough that Rhode Island sources for this service are preferred.

Mr. MacDonald thanked everyone for their attendance.

The meeting ended at 10:55 AM